



The Effect of CR and DER on ROA in F&B Companies on the Indonesia Stock Exchange After the Covid-19 Pandemic 2023–2024

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ABSTRACT

This study empirically examines and analyzes the influence of Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA) in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX), particularly in the post-COVID-19 pandemic period COVID-19 (2023-2024). This period is crucial because the food and beverage sector, although sensitive to changes in consumer trends and fluctuations in raw material costs, has proven to be resilient and even managed to achieve net profits without significant disruption during the pandemic. This study found that the Current Ratio does not have a significant effect on Return on Assets (ROA), while the Debt-to-Equity Ratio has a negative and significant effect on ROA. These findings indicate that the higher the level of leverage or a company's dependence on debt, the lower the resulting profitability.

INTRODUCTION

In today's competitive business world, financial analysis is key for companies to understand and manage their financial health. In the food and beverage sector, market dynamics, changing consumer trends, and fluctuations in raw material costs are key factors (Putri et al., 2020). Understanding the influence of the Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA) plays an important role. CR, as an indicator of a company's ability to meet its short-term obligations, and DER, which reflects the proportion of debt to invested capital, provide an overview of a company's financial structure. Meanwhile, ROA, as a measure of efficiency in using assets to generate profits, provides a perspective on a company's financial performance (Putra, 2023).

The food and beverage sector is one of the sectors that plays a crucial role in the Indonesian economy, proven to be resilient and capable of surviving even amid global challenges such as the COVID-19 pandemic. Companies in this sub-sector listed on the Indonesia Stock Exchange (IDX) are the main focus of investors and creditors, who pay close attention to the profitability of these companies. Profitability, which is measured in part by Return On Assets (ROA), reflects management's ability to utilize total assets to generate profits (Widayati Waruwu and Aria Aji Priyanto 2024). In the post-pandemic context (2023-2024 period), where economic recovery is accompanied by new uncertainties, the ability of companies to maintain asset profitability becomes increasingly important. Understanding the internal factors that affect ROA, such as liquidity and capital structure, is an essential foundation for investment and managerial decision-making.

Therefore, research that explores the relationship between CR, DER, and ROA in the context of the food and beverage sector is important in providing insights into how a company's financial structure can affect its financial performance in the face of an ever-changing and complex market (Irma Dwi Marsita & Meifida Ilyas, 2019). The long-term goal of a company is to maximize value by optimizing its share price, as a high share price will also accurately reflect the company's value. The short-term goal of a company is generally to maximize profits while making the best use of its resources.

The effect of Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA) is an important topic in corporate financial analysis, especially when reviewing the food and beverage sector. In this context, CR and DER are vital indicators used to evaluate a company's financial health. (Lardin & Kasmir, 2022) On the other hand, the Debt-to-Equity Ratio (DER) measures the proportion of loans used by a company in comparison to its own capital or equity.

Generally, the higher the Current Ratio, the better a company's ability to cover its current liabilities with its short-term assets. However, a ratio that is too high may also indicate that current assets are not being optimized efficiently. Therefore, the Current Ratio is an important indicator in analyzing a company's liquidity and financial stability. The Current Ratio is a metric used to assess a company's ability to settle its debts in the near term (Siregar & Bahar, 2020).

Meanwhile, DER, which measures the ratio between debt and capital, provides insight into the level of financial risk borne by the company. A deeper understanding of how the combination of CR and DER affects ROA, which assesses the company's efficiency in utilizing assets to generate profits, will provide a stronger strategic perspective for company management (Wahyudi & Deitiana, 2020). The post-COVID-19 pandemic period, namely 2023 to 2024, is marked by changes in consumer behavior, the gradual recovery of global supply chain disruptions, and increases in inflation and interest rates. These conditions create a business environment that is different from that before and during the pandemic, which has the potential to change the mechanism of influence between the Current Ratio and Debt to Equity Ratio on Return On Asset.

Companies in the food and beverage sub-sector are required to be more adaptive in managing working capital and funding decisions. Therefore, research focusing on a more recent and specific period, such as 2023-2024, will provide the latest relevant empirical contributions. Differences in findings in previous studies, as shown by (Adezia Zefanya Michela, 2022), which prove that both the Current Ratio (CR) and Debt to Equity Ratio (DER) have a significant effect on Return on Assets (ROA), further emphasize the importance of re-research with the latest data. Based on this background and research gap, this study aims to analyze and empirically test the partial and simultaneous effects of the Current Ratio and Debt to Equity Ratio on Return on Assets in companies in the food and beverage sub-sector listed on the IDX in the post-COVID-19 pandemic period (2023-2024).

LITERATURE REVIEW

Return on Asset (ROA)

Return on Assets (ROA) is a profitability ratio used to measure the extent to which a company is effective in utilizing all of its assets to generate net income. According to Brigham and Houston (2019), ROA describes management's ability to use assets to create profits for shareholders and other stakeholders. This ratio is an important indicator for assessing operational efficiency, managerial performance, and the company's long-term competitiveness. Conceptually, ROA is calculated by dividing net profit after tax by the company's total assets, then multiplying by one hundred percent.

Current Rasio

The Current Ratio (CR) is one of the liquidity ratios used to measure a company's ability to meet its short-term obligations using its current assets. This ratio reflects the level of a company's short-term financial security and shows the extent to which current assets can cover current liabilities (Kasmir, 2019). In other words, the Current Ratio provides an overview of a company's liquidity position and the efficiency of management in maintaining a balance between assets and liabilities. According to Harahap (2020), the Current Ratio is calculated by comparing the amount of current assets to current liabilities.

Debt to Equity Ratio (DER)

Debt to Equity Ratio (DER) is one of the solvency ratios used to assess the extent to which a company is financed by debt compared to its own capital. This ratio indicates the company's capital structure and the level of financial risk faced in carrying out its operational activities. According to Kasmir (2019), DER is used to measure a company's ability to meet all of its financial obligations if the company undergoes liquidation, as well as to indicate the balance between capital from shareholders and funds from creditors.

The Effect of Current Ratio on Return on Assets

From the perspective of Signaling Theory (Spence, 1973), financial information conveyed through financial ratios serves as a signal to external parties, particularly investors. An optimal current ratio sends a positive signal that the company has healthy liquidity and a low risk of bankruptcy. This positive signal increases investor confidence in the company's operational stability, which in turn can attract more capital and strengthen its financial position. With strong financial conditions, the company can allocate resources efficiently for productive activities, thereby increasing Return on Assets (ROA). Conversely, a Current Ratio that is too low sends a negative signal because it indicates potential short-term financial difficulties, which can reduce investor and creditor confidence. This situation limits access to funding and disrupts operational activities, ultimately reducing the return on assets.

H₁: Current Ratio has a Positive and Significant Effect on Return on Assets.

The Effect of Debt-to-Equity Ratio on Return on Assets

According to Kasmir (2019), a high DER indicates that a company has a larger proportion of debt compared to its own capital, which can increase financial risk. Conversely, a low DER indicates that a company is more cautious in using debt and has a more stable capital structure. Based on Signaling Theory, companies with good performance tend to use a balanced composition of debt and equity to show confidence in their ability to generate profits in the future. This positive signal can increase investor confidence, strengthen company value, and ultimately lead to increased profitability as reflected in Return on Assets (ROA). Thus, it can be concluded that the Debt-to-Equity Ratio affects Return on Assets, where an optimal leverage ratio sends a positive signal about financial health and management effectiveness in utilizing capital to generate profits.

H₂: Debt To Equity Ratio has a Positive and Significant Effect on Return on Assets

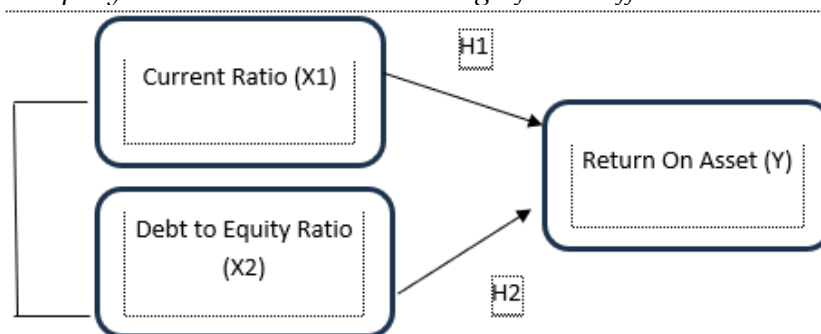


Figure 1. Conceptual Model

METHODOLOGY

This study uses a quantitative approach with a descriptive type. This study consists of three variables, namely Current Ratio and Debt to Equity Ratio as dependent variables (X1 and X2) and Return on Assets as an independent variable (Y). The population used is the food and beverage sector listed on the Indonesia Stock Exchange in 2023-2024, consisting of 30 companies. The researcher used 15 FnB companies from the selection results with the following sampling criteria: (1) FnB sub-sector companies listed on the IDX consecutively in the 2023–2024 period, (2) companies that published complete annual financial reports during the research period, and (3) companies that had research variable data, namely Current Ratio, Debt to Equity Ratio, and Return on Assets. (4) Food and beverage companies that did not experience losses during the 2023 to 2024 period.

Table 1. Research Sample

No.	Company	Code
1.	PT. Indofood Sukses Makmur, Tbk	INDF
2.	PT. Mayora Indah, Tbk	MYOR
3.	PT. Indofood CBP Sukses Makmur, Tbk	ICBP
4.	PT. Ultra Jaya Milk Industry & Trading Company, Tbk	ULTJ
5.	PT. Sariguna Primatirta, Tbk	CLEO
6.	PT. Wilmar Cahaya Indonesia, Tbk	CEKA
7.	PT. Nippon Indosari Corpindo, Tbk	ROTI
8.	PT. Multi Bintang Indonesia, Tbk	MLBI
9.	PT. FKS Food Sejahtera, Tbk	AISA
10.	PT. Campina Ice Ccream Industry Tbk,	CAMP
11.	PT. Diamond Food Indonesia Tbk	DMND
12.	PT. Garudafood Putra Putri Jaya Tbk	GOOD
13.	PT. Sekar Laut Tbk	SKLT
14.	PT. Siantar Top Tbk	STTP
15.	PT. Mulia Boga Raya Tbk	KEJU

RESEARCH RESULTS

Descriptive Analysis

Descriptive statistical analysis aims to provide an overview or description of data in variables by looking at the mean, minimum value, maximum value, and standard deviation (Ghozali, 2016). Descriptive statistics are used to describe or depict data into information that is clearer and easier to understand. Descriptive statistics provide an overview of research data, including variables such as Return on Assets (ROA), Current Ratio (CR), and Debt to Equity Ratio (DER).

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	30	.73	3.71	1.6150	.75431
Debt to Equity Ratio	30	.23	1.80	.7560	.48726
Return On Asset	30	.08	33.20	7.3683	7.75806
Valid N (litewise)	30				

Source: SPSS Output, Processed Secondary Data 2025

Based on the descriptive test results above, we can describe the distribution of data obtained by the researcher as follows: Current Ratio variable (X1), from the data it can be described that the minimum value is 0.73 while the maximum value is 3.71, the average value of Current Ratio is 1.6150 and the standard deviation of Current Ratio data is 0.75431. Debt to Equity Ratio variable (X2): from this data, it can be described that the minimum value is 0.23 while the maximum value is 1.80, the average Debt to Equity Ratio value is 0.7560, and the standard deviation of the Current Ratio data is 0.48726. The Return On Asset (Y) variable, from the data, can be described as having a minimum value of 0.08 and a maximum value of 33.20, with an average Debt to Equity Ratio of 7.3683 and a standard deviation of Current Ratio data of 7.75806.

Multiple Linear Regression Analysis

Regression analysis is used to predict the value of a dependent variable based on the influence of independent variables (Juliandi et al., 2014). The following are the results of multiple linear regression data processing:

Table 3. F Test Results

ANNOVA						
Model		Sum Of Squares	df	Mean Squares	F	Sig.
1	Regression	392.362	2	196.181	3.915	.032b
	Residual	1.353.073	27	50.114		
	Total	1.745.436	29			
a. Dependent Variable: Return On Asset						
b. Predictors: (Constant), Debt to Equity Ratio, Current Ratio						

Based on the results of the ANOVA test on the multiple regression model that tests the effect of Current Ratio and Debt to Equity Ratio on Return on Assets (ROA), a calculated F-value of 3.915 with a significance value of 0.032 was obtained. This significance value is smaller than the $\alpha = 0.05$ limit, so it can be concluded that the regression model used is simultaneously significant. This means that the two independent variables Current Ratio and Debt to Equity Ratio together have a meaningful ability to explain the variation that occurs in ROA.

Coefficient of Determination (Adj.R²)

The R² test is conducted to determine the extent to which the independent variables as a whole can explain the variation in the dependent variable. To see the results of the R² test, refer to the Model Summary table. The following are the results of the R² test.

Table 4. Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.474	.225	.167	7.07911
a. Predictors: (Constant), Debt to Equity Ratio, Current Ratio				

Based on the table, it can be explained as follows:

- a. R value = 0.474 The R value indicates the degree of relationship (correlation) between the independent variables (Current Ratio and Debt to Equity Ratio) and the dependent variable (ROA). A value of 0.474 indicates that there is a moderate positive relationship between the two independent variables and ROA. This means that changes in the Current Ratio and DER are related to changes in ROA, although not very strongly.
- b. R Square (R²) value = 0.225 The R² value measures how much of the ROA variability can be explained by the two independent variables. 0.225 means that 22.5% of the ROA variation can be explained by the Current Ratio and DER. The remaining 77.5% is explained by other variables outside the model, such as operational efficiency, sales growth, asset management, etc. This means that the model is sufficient, but there are still many other factors that affect ROA.
- c. Adjusted R Square = 0.167 This value corrects R² to be more accurate for models with more than one independent variable. 0.167 means that 16.7% of the variation in ROA can actually be explained by the model after adjustment. This value is lower than R² (0.225), which means that the contribution of the two independent variables is still limited. Adjusted R² is used as an indicator of whether adding variables to the model actually improves the quality of the model. In this case, the model is still valid, but its explanatory power is relatively low.

DISCUSSION

Signaling Theory

Signaling Theory was first introduced by Spence (1973), who explained that information conveyed by company management to the public serves as a signal for investors in making investment decisions. In the context of this study, Current Ratio and Debt to Equity Ratio are important signals conveyed by companies through financial reports. A high Current Ratio signals that the company has good liquidity and is able to meet its short-term obligations, thereby fostering investor confidence in the company's financial stability. Conversely, a high Debt to Equity Ratio can be a negative signal because it indicates the company's dependence on external funding and greater potential financial risk. Therefore, a combination of healthy liquidity and an efficient capital structure will send a

positive signal to the market, which in turn can increase investor confidence and have an impact on improving the company's financial performance as reflected in Return on Assets (ROA) (Brigham & Houston, 2019).

The results of the study indicate that the Current Ratio does not contribute significantly to an increase in Return on Assets (ROA). This finding can be understood from a liquidity management perspective, where a high level of liquidity does not always reflect the effective use of assets in generating profits. In the context of food and beverage companies in the post-pandemic period, the amount of current assets owned tends to be allocated to maintain short-term operational stability, such as fulfilling inventory and cash requirements, rather than as a source of productivity that directly increases profitability. This is in line with the findings of Putra (2023) and Widayati & Priyanto (2024), which emphasize that liquidity will only have an impact on profitability if it is optimally managed to support core operational activities, not just to maintain a financial buffer. Thus, the insignificant effect of liquidity in this study indicates that companies tend to maintain cash security levels without making it an instrument that strengthens asset efficiency.

Unlike liquidity, capital structure as reflected in the Debt-to-Equity Ratio has been shown to have a negative relationship with ROA. This finding indicates that an increase in the proportion of debt actually reduces a company's ability to maximize asset-based profits. In financial theory, high leverage creates interest burden pressure and greater financial risk, so that most of the operating income is absorbed to meet funding obligations. This condition is consistent with the view of Brigham & Houston (2019) that a capital structure that is overweight in debt can weaken profitability performance, especially in industries with competitive margins such as the food and beverage sector. In the post-pandemic period, companies also face raw material price volatility, supply chain adjustments, and interest rate hikes, further increasing leverage risk. Therefore, the research results confirm that the effectiveness of asset utilization is greatly influenced by the company's prudence in managing its debt composition so as not to erode its ability to generate profits.

CONCLUSION AND RECOMMENDATIONS

The results of this study conclude that the Current Ratio does not have a significant effect on Return on Assets (ROA), so that the liquidity level of companies in the food and beverage sub-sector is not a determining factor in increasing the effectiveness of asset utilization after the pandemic. High liquidity tends to be used as an operational safety reserve, rather than as a productive instrument that contributes to increased profits. Conversely, the Debt-to-Equity Ratio has been proven to have a negative and significant effect on ROA, meaning that the greater a company's dependence on debt-based financing, the greater the financial cost pressure that reduces asset profitability. These findings emphasize the importance of sound capital structure management to maintain the stability and financial performance of companies in volatile economic conditions.

From an implementation perspective, companies in the food and beverage sub-sector need to strengthen their working capital management strategies so that current assets not only serve as a buffer for liquidity, but also support productive activities that increase asset efficiency. In addition, companies must be more selective in their use of debt by adjusting their funding structure to their profit-generating capacity so as not to be burdened by interest costs that reduce profitability. Prudent leverage management practices, such as optimizing the proportion of long-term debt, renegotiating interest rates, and increasing equity through profit retention, are strategic steps to strengthen ROA performance. This implementation not only improves operational efficiency but also sends a positive signal to investors regarding the company's financial health, in line with the principles of Signaling Theory.

ADVANCED RESEARCH

For future research, it is recommended to use a broader sector coverage and a longer time period in order to obtain a more comprehensive picture of the dynamics of the influence of capital structure and liquidity on profitability. Subsequent research could also add other variables such as net profit margin, asset turnover, company size, and sales growth rate to test a more empirically rich model. A mixed methods approach could also be considered to combine quantitative data and qualitative insights from company management, thereby providing a deeper understanding of the financial strategies applied in an evolving industry context.

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